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ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

June 06, 2012

32 June 6, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

**APPROVAL OF AMENDMENT TO AGREEMENT WITH HEALTH
MANAGEMENT ASSOCIATES FOR CONSULTANT SERVICES
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

SUBJECT

Request approval to amend the Consultant Services Agreement with Health Management Associates to extend the Agreement term for an additional six months, add deliverables to the scope of work, and increase the County's maximum obligation.

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director of Health Services (Director), or his designee, to execute Amendment No. 4 to Agreement No. H-704934 with Health Management Associates (HMA), effective upon Board approval, to 1) extend the Agreement term for the period July 1, 2012 through December 31, 2012, for the continued provision of Consultant Services to the Department of Health Services (DHS or Department), at a cost of \$298,183 for the extended period, and 2) increase the County's maximum obligation under the Agreement to \$1,920,206.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended action will allow the Director to execute an Amendment, substantially similar to Exhibit I, with HMA to extend the Agreement term, as it is scheduled to expire June 30, 2012. The extension of this Agreement is needed for HMA to provide ongoing support for DHS in its ambulatory care transformation, and critical to DHS in continuing to restructure the County's health delivery system within the framework of the 1115 Waiver transition to health reform.

Under this Amendment, HMA will assist the Department's Ambulatory Care Network (ACN) in three key areas: (1) ACN Finance, including the development of a Finance structure; (2) Health Home application development and submission for both DHS and the Department of Mental Health, including orientation for both departments' staff on program goals and requirements; and (3) Strategic Planning services as requested by DHS leadership to assess the Department's readiness for Health Care Reform, including meeting oversight and research on special projects related to system strategy.

Implementation of Strategic Plan Goals

The recommended action supports Goal 1, Operational Effectiveness, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The recommended Amendment to extend the term from July 1, 2012 through December 31, 2012 will increase the maximum obligation by \$298,183, for a total maximum obligation of \$1,920,206.

Funding is included in the DHS FY 2012-13 Recommended Budget. Successful implementation of ambulatory care restructuring will create the opportunity for significant increased federal revenues under the Waiver's Low Income Health Program (a.k.a., Medicaid Coverage Expansion).

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On December 14, 2010, your Board authorized DHS to submit action items related to the 1115 Waiver to your Board on a standing agenda item designated as A-4. On June 21, 2011, your Board delegated authority to the Director or his designee to execute an agreement with HMA for consultant services to assist DHS with its ambulatory care restructuring and other initiatives to implement the California 1115 Waiver, for the period July 1, 2011 to December 31, 2011. Subsequently, your Board delegated authority to DHS to execute an amendment to this Agreement to extend the term through June 30, 2012, add deliverables, and increase the maximum obligation accordingly.

Although DHS and HMA have made significant progress toward ambulatory care restructuring, there is still a great deal of uncertainty with the future of health care reform and impact on DHS and patients.

The Agreement may be terminated for convenience by the County upon 10 days prior written notice.

County Counsel has approved Exhibit I as to form.

The Consultant service is not a Proposition A Agreement as the services are intermittent and as-needed and therefore, not subject to the Living Wage Program (Los Angeles County Code Chapter 2.201).

CONTRACTING PROCESS

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

DHS has made significant progress in the past year. The ambulatory care team has embarked and accomplished a number of successful initiatives that will improve patient care. Approval of the recommendations will ensure 1) DHS is prepared as health reform evolves, 2) maximize Federal and State funding, and 3) support the progress made by the ambulatory care transformation which is anticipated to create the opportunity for significant increased federal revenues under the Waiver's Low Income Health Program.

Respectfully submitted,

A handwritten signature in black ink that reads "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.

Director

MHK:az

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

CONTRACT # H-704934

**CONTRACT BETWEEN
COUNTY OF LOS ANGELES
AND
HEALTH MANAGEMENT ASSOCIATES, INC.
FOR
CONSULTING SERVICES
AMENDMENT NO. 4**

THIS AMENDMENT is made and entered into this _____ day of _____, 2012,

by and between COUNTY OF LOS ANGELES (hereafter "COUNTY"),

and HEALTH MANAGEMENT ASSOCIATES, INC (hereafter "CONTRACTOR" or "CONSULTANT"),

WHEREAS, reference is made to that certain document entitled "Contract Between County of Los Angeles and Health Management Associates for Consulting Services" dated July 1, 2011 and further identified as Agreement No. H-704934, (hereafter "Agreement" or "Contract"), and any amendments thereto (all hereafter referred to as "Agreement"); and

WHEREAS, on June 5, 2012 the County Board of Supervisors authorized the Director of Health Services, or his designee, to execute an amendment to the Agreement to extend the term for six months through December 31, 2012 with additional funding in the amount of \$298,183 for consultant services to continue to assist the Department of Health Services (Department or DHS) with ambulatory care transformation and other initiatives for implementation of the new California 1115 Waiver; and

WHEREAS, it is the intent of the parties hereto to amend the Agreement to extend the term, increase the Contract Amount, and amend the scope of work for the extended term; and

WHEREAS, said Agreement provides that changes may be made in the form of a written Amendment which is formally approved and executed by the parties.

NOW, THEREFORE, the parties agree as follows:

1. This Amendment shall be effective on _____.
2. Paragraph 4.0, TERM OF CONTRACT, shall be deleted in its entirety and replaced with the following new paragraph 4.1:
 - 4.1 The term of this Contract shall commence on July 1, 2011, and shall expire on December 31, 2012, subject to COUNTY's right to terminate earlier for convenience, non appropriation of funds, default of CONTRACTOR, substandard

IN WITNESS THEREOF, the parties hereto have executed this Amendment No 4:

COUNTY OF LOS ANGELES

By _____

Kathy Hanks
Director, Contract Administration and Monitoring
Authorized Designee for the Director of Health Services

CONTRACTOR

By _____

Signature

Printed Name

Title

APPROVED AS TO FORM:
BY COUNTY COUNSEL

STATEMENT OF WORK

For The Period July 1 – December 31, 2012

PURPOSE: DHS has identified several areas where HMA's continued services are needed to help DHS complete Ambulatory Care restructuring and ensure the future success of the Ambulatory Care Network under federal Health Care Reform and as part of the Department of Health Services ("DHS"). **Consultant shall assist DHS with the following tasks:**

1) Ambulatory Care Network (ACN) Finance

(Doug Elwell)

- Assistance with development of ACN Finance structure.
- Analysis and recommendations of services to ascertain their value to ACN/DHS including cost effectiveness and opportunities for growth or modification.
- Transition of developed ACN Finance structure to a new ACN CFO and staff.
- Assistance in revenue/cost forecast preparation.
- Assistance with budget preparation.
- Continued development of management reporting and analysis of clinic operations and managed care effectiveness.
- Assistance, if requested by ACN, on FQHC conversion.

2) State/CMS Health Home Application Submission and Development

(Terry Conway, Greg Vachonⁱ, Kate Lyon, Alicia Smith, Greg Buchert)

- Assist in completion of gaining State of California and Center for Medicare and Medicaid Services approval for Health Home application.
- Provide orientation to staff at DHS and DMH to program goals and requirements.
- Assist with enhancements and changes required to meet the requirements of the 2703 (ACA) application.
- Assist in designation of health home designation within DHS or DMH consistent with requirements of 2703 (ACA) approved State Plan Amendment.
- Support the integration efforts between ACN, and DMH, including shared care planning and care management approach.

- Assist in the use of a common patient registry system between DHS and DMH.
- Assist in resolving patient assignment and empanelment to Health Homes.

3) Strategic Advice and Planning

(Pat Terrellⁱ, Terry Conwayⁱ)

- Availability to DHS and ACN, upon the request of leadership, to develop and facilitate occasional retreats and/or meetings related to assessing readiness for health reform, either broadly or related to specific elements of State and federal initiatives.
- Availability to research and perform special projects related to system strategy.

ⁱ As needed.

PRICING SCHEDULE**(Amended by Amendment No. 4, effective July 1, 2012)****CONTRACT AMOUNT**

The maximum amount of this Contract shall not exceed One Million Nine Hundred Twenty Thousand Two Hundred Six Dollars (\$1,920,206). The amount of Nine-Hundred Ninety-Nine Thousand Five Hundred Forty-Two dollars (\$999,542) is for the period July 1, 2011 through December 31, 2011, Six Hundred Twenty-Two Thousand Four Hundred Eighty-One Dollars (\$622,481) is for the period January 1, 2012 through June 30, 2012, and Two Hundred Ninety-Eight Thousand One Hundred Eighty-Three Dollars (\$298,183) is for the period July 1, 2012 through December 31, 2012. The professional fee for services will be compensated at the rates set forth below. Reimbursable travel expenses shall be limited to the following: airfare, hotel/lodging, automobile rental, other transportation or reimbursable mileage, and meals required to perform the services under this Contract. Reimbursable expenses shall be passed through without mark-up, and all travel-related expenses shall be in accordance with County's Travel Reimbursement Guidelines, Attachment 1, attached hereto and incorporated herein by this reference. Payment for services shall be due and payable following approval by the Contract Manager.

July 1, 2012 – December 31, 2012

	Labor Hours		Travel Hours		Travel Expense	TOTAL
	Hours	Cost	Hours	Cost		
1) Ambulatory Care Network (ACN) Finance						
Doug Elwell	200	\$61,600	60	\$11,550	\$9,480	\$82,630
2) State/CMS Health Home Application Submission and Development						
Terry Conway	120	\$36,960	40.5	\$7,776	\$6,360	\$51,096
Kate Lyon	52	\$16,016	20	\$3,850	\$3,160	\$23,026
Alicia Smith	20	\$6,160	0	\$0	\$0	\$6,160
Greg Vachon ¹	90	\$27,720	40	\$7,680	\$6,320	\$41,720
Greg Buchert	100	\$30,800	0	0	0	\$30,800
3) Strategic Advice and Planning						
Terry Conway	40	\$12,320	13.5	\$2,592	\$2,120	\$17,032
Pat Terrell ¹	88	\$27,104	30	\$5,775	\$4,740	\$37,619
Laura Bustos	60	\$8,100	0	\$0	\$0	\$8,100
						\$298,183

¹ As needed.